



NEWS RELEASE

CALIFORNIA STATE TREASURER PHILIP ANGELIDES

For Immediate Release
September 7, 2000

TREASURER ANNOUNCES UPGRADES IN CALIFORNIA'S CREDIT RATING BY STANDARD & POOR'S AND MOODY'S INVESTORS SERVICE

Sacramento, CA – State Treasurer Philip Angelides announced today that both Standard & Poor's and Moody's Investors Service are upgrading California's credit rating. These upgrades, the third and fourth from the major rating agencies since Angelides took office in January 1999, are expected to save taxpayers approximately \$117 million in interest costs over the life of bonds authorized by voters but as yet unissued.

Standard & Poor's raised the State's rating to AA from AA-, and Moody's upgraded the State to Aa2 from Aa3. These are the highest ratings for the State from Moody's since June 1994. Standard & Poor's last rated the State AA in June 1992.

"Since taking office, we have embarked on a mission to increase the confidence of investors and the rating agencies in the fiscal discipline of the State of California," Angelides said. "These upgrades affirm the strength of California's credit, which already is recognized by the financial markets."

State Finance Director Tim Gage said that along with strong revenue growth, "this upgrade is the direct result of Governor Davis' emphasis on fiscal discipline. It's because he's demonstrated that he's willing to veto bills to make sure that excessive spending doesn't drain our budget that the rating agencies are showing renewed confidence."

The Treasurer and State Department of Finance officials made the case for the upgrades in meetings recently with the two rating houses, citing continued strong growth in revenue and employment, the State's diverse economy, and a commitment by the State's leadership to the rebuilding of infrastructure and the strengthening of public education.